



LEONARD G. ANDERSON
VICE PRESIDENT AND TREASURER

RECORDATION NO. 8758-14 Filed & Recorded

MAR 23 1977-12 20 PM

File Second

INTERSTATE COMMERCE COMMISSION

SEABOARD COAST LINE RAILROAD COMPANY

Treasury Department
P. O. Box 27581
Richmond, Virginia 23261

March 22, 1977

Mr. Robert L. Oswald
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

7-082A066

MAR 23 1977

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CC Washington, D. C.

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I.O.C.

Dear Mr. Oswald:

I am enclosing for filing and recordation under the provisions of Section 20c of the Interstate Commerce Act, as amended, counterparts Nos. 1 through 4 of Lease of Railroad Equipment and Assignment of Lease and Agreement, dated as of February 15, 1977, described in detail below. Such document by its terms provides that each counterpart shall be deemed an original and, accordingly, counterpart No. 4 may be treated as the original and the others as counterparts thereof.

The equipment being leased was acquired by the Lessor under a Reconstruction and Conditional Sale Agreement being filed with the Commission simultaneously herewith for recordation immediately prior hereto.

1. Names and addresses of the parties to the Lease of Railroad Equipment and Assignment of Lease and Agreement
 - (a) Lessor and Assignor - Trust Company for USL, Inc. as Owner Trustee, P. O. Box 66011, Oak Brook, Illinois 60521 (See NOTE attached)
 - (b) Lessee - Seaboard Coast Line Railroad Company, 3600 West Broad Street, Richmond, Virginia 23230
 - (c) Assignee-Owner - Mercantile-Safe Deposit and Trust Company, as Agent, Two Hopkins Plaza, P. O. Box 2258, Baltimore, Maryland 21203

Copy to [unclear] [unclear]

Mr. Robert L. Oswald

March 22, 1977

2. Description of the equipment

Identifying marks:

"Ownership subject to a Security Agreement filed under the Interstate Commerce Act, Section 20c"

<u>General Description</u>	<u>Type of Equipment</u>	<u>A.A.R.Mech. Design.</u>	<u>Number</u>	<u>SCL Road Numbers</u>
Open-top Coal Hopper Cars	77-ton	HT	75	162900-162974, incl.
Covered Cement Phosphate Hopper Cars	77-ton	LO	200	202350-202549, incl.
<i>for</i> Open-top Covered Woodchip Hopper Cars	75-ton	HTS	100	190930-191029, incl. -
Open-top Wet Rock Hopper Cars	77-ton	HMS	150	155900-156049, incl.

3. Counterparts Nos. 3 and 4 of the above-mentioned document should be returned to Mr. Erle J. Zoll, Jr., representing the undersigned, 1000 Connecticut Avenue, N.W., Washington, D. C. 20036

I am enclosing this company's check in the amount of \$50.00 made payable to the Commission covering the recordation fee for the above-mentioned documents.

Very truly yours,

SEABOARD COAST LINE RAILROAD COMPANY

By

Leonard G. Anderson

Leonard G. Anderson
Vice President and Treasurer

- 3 -

NOTE:

For the purpose of further clarifying the enclosed financing document, it is pointed out that Trust Company for USL, Inc., P. O. Box 66011, Oak Brook, Illinois 60521, is the Owner Trustee under a certain Trust Agreement dated as of February 15, 1977, for the benefit of the sole equity participant International Paper Credit Corporation, 220 East 42nd Street, New York, N. Y. 10017.

Counterpart 1 of 10 Counterparts

8758-A
RECORDATION NO. Filed & Recorded

MAR 23 1977 - 12 20 PM

INTERSTATE COMMERCE COMMISSION

EXHIBIT B. to the RECONSTRUCTION
AND CONDITIONAL SALE AGREEMENT

LEASE OF RAILROAD EQUIPMENT

Dated as of February 15, 1977

between

SEABOARD COAST LINE RAILROAD COMPANY,
as Lessee and Builder

and

TRUST COMPANY FOR USL, INC.,
not in its individual capacity but
solely as Owner Trustee,
as Lessor and Vendee

Filed and recorded with the Interstate Commerce Commission
pursuant to Section 20c of the Interstate Commerce Act on
, 1977, at , recordation number .

LEASE OF RAILROAD EQUIPMENT

TABLE OF CONTENTS*

	<u>Page</u>
PARTIES	1
PREAMBLES	1
SECTION 1.	
Delivery and Acceptance of Units	1
SECTION 2.	
Rental	2
SECTION 3.	
Term of Lease	4
SECTION 4.	
Identification Marks	4
SECTION 5.	
Taxes	5
SECTION 6.	
Maintenance; Payment for Casualty Occurrences; Insurance	6
SECTION 7.	
Annual Reports	8

* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of this document.

	<u>Page</u>
SECTION 8.	
Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification	8
SECTION 9.	
Default	11
SECTION 10.	
Return of Units upon Default	14
SECTION 11.	
Assignment; Possession and Use	16
SECTION 12.	
Renewal Option; Purchase Option	17
SECTION 13.	
Return of Units upon Expiration of Term	19
SECTION 14.	
Recording; Expenses	20
SECTION 15.	
Interest on Overdue Rentals	21
SECTION 16.	
Notices	21
SECTION 17.	
Effect and Modification of Lease	22

	<u>Page</u>
SECTION 18.	
Definitions	22
SECTION 19.	
Execution	23
SECTION 20.	
Law Governing	23
SECTION 21.	
Immunities; No Recourse	23
TESTIMONIUM	24
SIGNATURES	24
SCHEDULE A -- Specifications of the Equipment	
SCHEDULE B -- Casualty Value Percentages Schedule	

LEASE OF RAILROAD EQUIPMENT, dated as of February 15, 1977, between SEABOARD COAST LINE RAILROAD COMPANY, a Virginia corporation (hereinafter called the Lessee or the Builder) and TRUST COMPANY FOR USL, INC., an Illinois corporation, not in its individual capacity but solely as Trustee (hereinafter called the Lessor or the Vendee) under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement), with a certain trust beneficiary (hereinafter called the Beneficiary).

Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as Agent under a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Lessor, the Lessee, the Beneficiary and The Bowery Savings Bank, (said Trust Company, as so acting, being hereinafter, together with its successors and assigns, called the Vendor), the Builder and the Vendee are entering into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Document), wherein the Vendor has agreed to sell to the Vendee its interest in the railroad equipment described in Schedule A hereto after it has been reconstructed by the Builder.

The Lessee desires to lease all the units of said equipment, or such lesser number as are delivered, accepted and settled for under the Security Document (such units being hereinafter called the Units), at the rentals and for the terms and upon the conditions hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject to all the rights and remedies of the Vendor under the Security Document:

Section 1. Delivery and Acceptance of Units. The Lessor will cause each Unit to be tendered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the Security Document. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance and delivery (hereinafter called the Certificate of Acceptance), whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

Section 2. Rental. The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease one interim and 32 consecutive quarterly payments. The interim payment is payable on November 15, 1977, but in no event later than the Cut-Off Date (as defined in the Participation Agreement) (or as promptly thereafter as practicable). The 32 quarterly payments are payable on November 15, February 15, May 15 and August 15 in each year, commencing November 15, 1977, to and including August 15, 1985. The interim payment payable on November 15, 1977, shall be in an amount equal to the product of the Purchase Price (as such term is defined in the Security Document) for each Unit subject to the Lease multiplied by .0211806% for each day elapsed from and including the date such Unit is settled for under the Security Document to but not including November 15, 1977. The 32 quarterly rental payments with respect to each Unit shall each be in an amount equal to 3.35066% of the Purchase Price of each such Unit then subject to this Lease. The foregoing rental rates have been calculated on the assumption that (i) 71.73228% of the Purchase Price of the Units will be provided by the Vendor out of Investor's Funds (as such term is defined in Article 3 of the Security Document); (ii) 28.26772% of the Purchase Price of the Units shall be paid by the Lessor; and (iii) the service and acceptance dates for the Units will be evenly spread over the anticipated delivery period in accordance with Schedule B to the Security Document. The Lessor and the Lessee agree that the rentals payable hereunder and the Casualty Value percentages set forth in Schedule B hereto will be appropriately adjusted, by means of an amendment to this Lease to be entered into between the Lessor and the Lessee, in order that the Beneficiary's net after-tax return (computed on the same assumptions, including, without limitation, tax rates, as were utilized by the Beneficiary in originally evaluating this transaction) will not be increased or decreased by reason thereof; provided, however, that the rentals and Casualty Value percentages, as so adjusted, shall be sufficient to satisfy the obligations of the Lessor under the Security Document, notwithstanding any limitation of liability contained therein.

If any of the rental payment dates referred to above is not a business day the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York or Baltimore, Maryland are authorized or obligated to remain closed.

Interest under this Agreement shall be computed on the basis of a 360-day year of twelve 30-day months.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions, counterclaims, defenses or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor, the Vendor, the Beneficiary or the Investor for any reason whatsoever; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of: (i) any defect in any Unit, the condition, design, operation or fitness for use thereof; (ii) any failure of title of the Lessor to any of the Units; (iii) any damage to, loss of possession or use or destruction of, all or any of the Units from any cause whatsoever; (iv) any liens, encumbrances, security interests or rights of others with respect to any of the Units, the prohibition or interruption of or other restriction against Lessee's use, operation or possession of all or any of the Units; (v) the taking or requisitioning of any of the Units by condemnation or otherwise; (vi) the interference with such use by any person or entity; (vii) the invalidity or unenforceability or lack of due authorization of this Lease; (viii) any indebtedness or liability, howsoever and whensoever arising, of the Lessee, the Lessor, the Beneficiary, the Vendor or the Investor to any person, firm or corporation or to any governmental authority; (ix) any insolvency, bankruptcy, reorganization or similar proceeding by or against the Lessee, the Lessor or the Beneficiary; or (x) for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

Section 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of Sections 6, 9 and 12 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due hereunder.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Document. If an event of default should occur under the Security Document, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

Section 4. Identification Marks. The Lessee, so long as this Lease shall remain in effect, will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, the Legend required by Article 8 of the Security Document or other appropriate markings designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's and Vendor's title to, and property in, such Unit and the rights of the Lessor under this Lease and the Vendor under the Security Document. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such legend or markings shall have been so marked on both sides thereof and will replace promptly any such legend which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) the statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Document shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to that effect and to the further effect that such filing, recordation and deposit will protect the Vendor's and the Lessor's interests in such Units and that no filing, recording, depositing or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Lessor in such Units.

Except as above provided, the Lessee, so long as this Lease shall remain in effect, will not allow the name of any person, association or corporation to be placed on the

Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

Section 5. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax and, to the extent that the Lessor receives credit therefor against its United States Federal income tax liability, provided credit is received for all other foreign taxes claimed as credits for the taxable year in question before credit is received for any foreign taxes indemnified under this Lease which are claimed as credits for such year, any foreign income tax payable by the Lessor in consequence of the receipt of payments provided herein and other than the aggregate of all state and city income taxes and franchise taxes measured by net income based on such receipts or gross receipts taxes other than gross receipts taxes in the nature of sales, use or rental taxes, up to the amount of any such taxes which would be payable to the state and city in which the Lessor has its principal place of business without apportionment to any other state or city, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments, documentary stamp taxes, certification, registration or license fees and any charges, fines or penalties in connection therewith (hereinafter called Impositions) now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Document, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the non-

payment thereof does not, in the advance opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or under the Security Document. If any Impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor.

In the event that the Lessor shall become obligated to make any payment to the Vendor or the Investor pursuant to Article 5 of the Security Document not covered by the foregoing paragraph of this Section 5, the Lessee shall pay such additional amounts (which shall also be deemed Impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said Article 5.

In the event any reports with regard to Impositions are required to be made on the basis of individual Units or otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor and the Vendor in the Units as shall be satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Vendor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Impositions, pursuant to this Section 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

Section 6. Maintenance; Payment for Casualty Occurrences; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged or otherwise rendered permanently unfit for use, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days or until the end of the term of this Lease (each

such occurrence being hereinafter called a Casualty Occurrence) prior to the return of such Unit in the manner set forth in Section 13 hereof, the Lessee shall, promptly after it shall have determined that such Unit has suffered a Casualty Occurrence, fully inform the Lessor and the Vendor in writing with respect thereto. Notwithstanding any such Casualty Occurrence, the Lessee shall continue making all payments provided for in this Lease in respect of such Unit until the rental payment date listed in Table 1 of Schedule B hereto next succeeding such notice. On such rental payment date the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus an amount equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with Schedule B hereto. Upon the making of all such payments by the Lessee in respect of any Unit, the rental for such Unit shall thereafter cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent, to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be an amount equal to the sum of (a) that percentage of the Purchase Price of such Unit as is set forth in Table 1 of Schedule B hereto opposite such date with respect to such Unit plus (b) if applicable to such Unit, that percentage of the Reconstruction Cost thereof as set forth in Table 2 of said Schedule B with respect to such Unit.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease or after termination of this Lease and before such Unit shall have been returned in the manner provided in Section 13 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 20% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the

Lessee its agent to dispose of any Unit suffering such Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

Except as hereinabove in this Section 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the responsibility for the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor, at its own expense, cause to be carried and maintained insurance in respect of the Units at the time subject hereto, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned by it.

Section 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year 1978, the Lessee will cause to be furnished to the Lessor, the Beneficiary and the Vendor (at the addresses shown in Section 16 hereof), an accurate statement, as of the preceding December 31, showing the amount, description and numbers of the Units (a) then leased hereunder and/or covered by the Security Document, (b) that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease in the case of the first such statement) and (c) then undergoing repairs (other than running repairs) and then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, and stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Section 4 hereof and by Article 8 of the Security Document shall have been preserved or replaced. The Lessor and the Beneficiary, respectively, shall have the right at its sole cost, risk and expense, by its authorized representatives, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor or the Beneficiary, respectively, may request during the continuance of this Lease.

Section 8. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO QUALITY OF THE MATERIAL,

EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE, OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Article 12 of the Security Document; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation, or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including, without limitation, with respect to the title to, and the use, maintenance and operation of, each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, maintenance, operation or use of the Units, and in the event that, prior to the expiration of this Lease or any renewal

thereof, such laws or rules require any alteration, replacement, addition or modification of any Unit or any part thereof, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the advance opinion of the Lessor and the Vendor, adversely affect the property or rights of the Lessor or the Vendor, respectively, under this Lease or under the Security Document. The Lessee, at its own cost and expense, may furnish additions, modifications and improvements to the Units during the term of this Lease provided that such additions, modifications and improvements are readily removable without causing damage to the Units. The additions, modifications and improvements made by the Lessee under the first sentence of this paragraph shall be owned by the Lessor, and the additions, modifications and improvements made by the Lessee under the second sentence of this paragraph shall be owned by the Lessee.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (specifically including for the purposes of this provision the Beneficiary), the Vendor and the Investor from and against all losses, damages, injuries, liabilities, claims, demands, costs and charges whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as a result of (i) the entering into or the performance of the Security Document, the Participation Agreement, the Hulk Purchase Agreement dated the date hereof between the Lessee and the Lessor (hereinafter called the Hulk Purchase Agreement) or this Lease, or any of the instruments or agreements referred to therein or herein or contemplated thereby or hereby, (ii) the ownership of or retention of security title to or a security interest in any Hulk (as such term is defined in the Hulk Purchase Agreement) or any Unit, (iii) the ordering, acquisition, use, operation, condition, reconstruction, maintenance, repair, purchase, delivery, rejection, possession, storage or return of any Hulk or any Unit, (iv) any accident in connection with the operation, use, condition, reconstruction, maintenance, repair, possession, storage or return of any Hulk or any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 13 of this Lease or (v) the transfer of title to the Equipment by the Vendor pursuant to any provision of the Security Document. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the delivery of the Equipment or the full payment and performance of all obligations under this

Lease and the Hulk Purchase Agreement or the expiration or termination of the term of this Lease and/or the Hulk Purchase Agreement, provided, however, that the foregoing indemnification shall not apply to any failure of payment of the principal of or interest on the Conditional Sale Indebtedness.

The Lessee agrees to prepare and deliver to the Lessor and/or the Vendor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor and/or the Vendor) any and all reports (other than income tax returns) to be filed by the Lessor and/or the Vendor with any Federal, state or other regulatory authority by reason of the ownership of, or retention of security title to or a security interest in, the Units by the Lessor or the Vendor or the leasing of the Units to the Lessee.

Section 9. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

A. default shall be made in the payment of any amount provided for in Sections 2, 6 or 12 hereof and such default shall continue until the later of five days after the due date thereof or two days after receipt of written notice thereof;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, in the Participation Agreement or in that certain Tax Benefits Agreement dated as of the date hereof between the Lessee and the Beneficiary, and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

D. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereafter be amended, or under any other act now or hereafter enacted providing for the reorganization of railroads engaged in interstate commerce, shall be filed by or against the Lessee and, unless such

petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Security Document and this Lease shall not have been (and shall not continue to be) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings (whether or not subject to ratification) in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier;

E. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Participation Agreement or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder, under the Participation Agreement or under the Consent), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, under the Participation Agreement or under the Consent, as the case may be, shall not have been (and shall not continue to be) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its opinion, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purpose whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 3.5% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount

equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and expenses and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

Section 10. Return of Units upon Default. If this Lease shall terminate pursuant to Section 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by it or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the per diem interchange rate for such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the

Lessee from whomsoever shall be in possession of such Unit at the time.

Section 11. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. The rights of the Lessor hereunder (including, but not limited to, the rights under Sections 5, 6, 8, and 9 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Vendor as assignee under the Assignment of Lease and Agreement dated as of the date hereof between the Vendor and the Lessor (hereinafter called the Assignment) in the manner and to the extent therein provided. In the event that, pursuant to the Assignment and the rights of the Vendor thereunder and under the Security Document, the Vendor shall at any time cause this Lease to be terminated, the Lessee agrees that following the payment in full by the Vendee of the entire unpaid Conditional Sale Indebtedness (as defined in the Security Document) together with interest thereon, the Vendee may enforce compliance by the Lessee with its covenants and agreements under this Lease.

So long as the Lessee shall not be in default under this Lease and no event of default exists under the Security Document, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay and discharge or cause to be duly discharged any and all sums claimed by any party which if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor after the date hereof or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units), upon or with respect to any Unit or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next succeeding paragraph hereof.

Subject to the terms of this Lease, the Lessee shall be entitled to the possession of the Units and to the use thereof by it or any affiliate upon lines of railroad

owned or operated by it or any such affiliate or upon the lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic and equipment, but only upon and subject to all the terms and conditions of this Lease, including the last paragraph of this Section 11, and the Security Document. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this Section 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the railroad properties of the Lessee as an entirety or substantially as an entirety, provided that Lessee is not in breach or default of this Lease and provided further that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provisions of this Lease.

The Lessee agrees that during the term of this Lease, it will not assign any Unit to service involving the regular operation and maintenance thereof outside the United States of America.

Section 12. Renewal Option; Purchase Option. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect, by written notice delivered to the Lessor not less than six months prior to the end of the original term of this Lease or the first extended term hereof, to extend the term of this Lease in respect of all, but not fewer than all, the Units covered by this Lease for an additional two-year period commencing on the scheduled expiration of the original term or the extended term of this Lease, as the case may be, provided that the Lessee may not so elect to extend the term of this Lease for more than two such additional two-year periods, at a rental payable quarterly in advance, in an amount equal to the "Fair Market Rental" of such Units as of the commencement of such extended term, such quarterly payments to be made on November 15, February 15, May 15 and August 15 in each year of the applicable extended term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be deducted from such value.

Provided that the Lessee is not in default, the Lessee shall have the right to purchase all but not less than all of the Units then leased hereunder at the expiration of the original term or of any renewal term pursuant to this Section 12 at a price equal to the Fair Market Value of such Units (as hereinafter defined). The Lessee shall give the Lessor written notice 180 days prior to the end of the term or any extended term of this Lease of its election to exercise the purchase option provided for in this Section. Payment of the option price shall be made at the office of the Lessor specified in Section 16 hereof in immediately available funds against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Units and containing warranty against liens or claims of persons claiming by, through or under the Lessor except liens and claims which the Lessee assumed or is obligated to discharge under the terms of the Lease. The Lessor shall not be required to make any representation or warranty as to the condition of the Units or any other matters.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing purchaser (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

Notwithstanding any election of the Lessee to purchase as provided in this Section 12, the provisions of Section 6 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the Units purchased by the Lessee upon such date unless the purchase price has been agreed upon by the parties pursuant to this Section 12, in which event the amount payable under Section 6 hereof shall be the greater of the amount otherwise payable under said Section 6 or such purchase price.

If on or before four months prior to the expiration of any term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental or the Fair Market Value, as the case may be, of the Units, such value shall be determined in accordance with the foregoing definitions, respectively, by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, each party shall appoint an independent appraiser within 25 business days after such notice is given, and the two appraisers so appointed shall within 35 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine such value of the Units within 90 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of such value of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as such value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and/or Fair Market Value, as the case may be, and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

Section 13. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original or any extended term of this Lease with respect to any Unit but in any event not later than 90 days after such expiration, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such reasonably accessible storage tracks

of the Lessee as the Lessee may designate and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, on a one-time basis at any time within such three-month period, to any connecting carrier for shipment, all as directed by the Lessor, the transporting for storage or to any connecting carrier and storage of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this Section 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have removed therefrom by the Lessee without cost or expense to the Lessor all additions, modifications and improvements which the Lessee owns pursuant to Section 8 hereof. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

All amounts earned in respect of the Units after the end of the term of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after the end of the term of this Lease, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the per diem interchange rate for such Units for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Section 14. Recording; Expenses. The Lessee, at its own expense, will cause this Lease, the Transfer Agreement, the Security Document and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce

Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing, recording and depositing and refiling, re-recording and re-depositing required of the Lessor under the Security Document and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, re-record or re-deposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease or the Assignment or the Security Document; and the Lessee will promptly furnish to the Vendor and the Lessor evidences of all such filing, registering, recording or depositing, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the Security Document shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

Section 15. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations when due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 10% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

Section 16. Notices. Except as otherwise provided herein, any instruction or notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows:

if to the Lessor, at

(S.C.L. Trust No. 25)
P.O. Box 66011
Oak Brook, Illinois 60521

with a copy to United States Leasing International, Inc,
at

(S.C.L. Trust No. 25)
633 Battery Street
San Francisco, California 94111

Attention of Vice President-Lease Underwriting Group

and an additional copy to the Beneficiary;

if to the Lessee, at

3600 West Broad Street
Richmond, Virginia 23230
Attention of L. G. Anderson
Vice President and Treasurer;

if to the Vendor, at

Two Hopkins Plaza
P.O. Box 2258
Baltimore, Maryland 21203
Attention of Corporate Trust Department;

if to the Beneficiary, at its address specified in the
Trust Agreement,

or addressed to any such party at such other address as such
party shall hereafter furnish to the other party in writing.
Copies of each such notice shall be given to the Vendor as
hereinabove provided.

Section 17. Effect and Modification of Lease.

Except for the Participation Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supercedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

Section 18. Definitions. Whenever the term

"Lessor" is used in this Lease it shall include the Beneficiary and any assignee and, where the context so requires (including but not limited to certain of the provisions of Section 9 hereof), shall refer only to the Beneficiary or such assignee. If and so long as this Lease is assigned to the Vendor (or any successor thereto) for collateral purposes, wherever the term "Lessor" is used in this Lease it shall also apply and refer to the Vendor and any successors thereto (with the exception of certain tax provisions of Section 9 hereto) unless the context shall otherwise require and except that the Vendor shall not be subject to any liabilities or obligations under this Lease; and the fact that the Vendor is specifically named in certain provisions shall not be construed to mean that the Vendor (and any successors thereto) is not entitled to the benefits of other provisions where

only the Lessor is named or where only the Vendor, as the case may be, is named.

Section 19. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although this Lease is dated as of the date first set forth above for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

Section 20. Law Governing; Severability. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

Section 21. Immunities; No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all the warranties, representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal warranties, representations, covenants, undertakings and agreements by Trust Company for USL, Inc., or for the purpose or with the intention of binding said Trust Company personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by said Trust Company solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of willful misconduct or gross negligence, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said Trust Company or the Beneficiary or on account of any warranty, representation, covenant, undertaking or agreement of the Lessor, either express or implied, all such personal liability, if any, being expressly waived and released by the Lessee.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

TRUST COMPANY FOR USL, INC., not in its individual capacity but solely as trustee aforesaid,

By

David C. Horby
Vice President

[Corporate Seal]

Attest:

[Signature]
Assistant Secretary

SEABOARD COAST LINE RAILROAD COMPANY,

By

Leonard B. Anderson
Vice President and Treasurer

[Corporate Seal]

Attest:

[Signature]
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 22nd day of March, 1977, before me personally appeared David A. Woasey, to me personally known, who, being by me duly sworn, says that he is Vice President of TRUST COMPANY FOR USL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Alan M. Parnes
Notary Public

[Notarial Seal]

My Commission expires:

ALAN M. PARNES
Notary Public, State of New York
No. 30-4504103
Qualified in Nassau County
Commission Expires March 30, 1977

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 22nd day of March, 1977, before me personally appeared Leonard G. Anderson, to me personally known, who, being by me duly sworn, says that he is Vice President and Treasurer of SEABOARD COAST LINE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that such instrument was this day signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Alan M. Parnes
Notary Public

[Notarial Seal]

My Commission expires:

ALAN M. PARNES
Notary Public, State of New York
No. 30-4504103
Qualified in Nassau County
Commission Expires March 30, 1977

LEASE OF RAILROAD EQUIPMENT

SCHEDULE A

<u>Quantity</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>Lessee's Road Numbers (Inclusive)</u>
75	HT	77-ton open-top coal hopper cars	SCL 162900- 162974
200	LO	77-ton covered cement phosphate hopper cars	SCL 202350- 202549
100	HTS	75-ton open-top woodchip hopper cars	SCL 190930- 191029
150	HMS	77-ton open-top wet rock hopper cars	SCL 155900- 156049

LEASE OF RAILROAD EQUIPMENT

SCHEDULE B

Casualty Value Percentages Schedule

Table 1

<u>Rental Payment Date</u>	<u>Percentage</u>
<u>DATE</u>	<u>CASUALTY VALUE</u>
11 77	88.6749
2 78	87.3909
5 78	86.0018
8 78	84.4970
11 78	82.8964
2 79	81.1981
5 79	79.4326
8 79	77.5832
11 79	75.6610
2 80	73.6643
5 80	71.6123
8 80	69.5029
11 80	67.3395
2 81	65.1210
5 81	62.8519
8 81	60.5416
11 81	58.1875
2 82	55.7886
5 82	53.3475
8 82	50.8834
11 82	48.3885
2 83	45.8625
5 83	43.3017
8 83	40.7339
11 83	38.1473
2 84	35.5415
5 84	32.9084
8 84	30.2831
11 84	27.6501
2 85	25.0095
5 85	22.3374
8 85	19.5550
11 85	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B have been computed without regard to recapture of the Investment Credit (as defined in an agreement between the Lessor and the Lessee dated the date hereof relating to certain tax indemnities). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh Anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	20%
Fifth	13.333%
Seventh	6.67%

EXHIBIT C to the RECONSTRUCTION
AND CONDITIONAL SALE AGREEMENT

=====

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of February 15, 1977

between

TRUST COMPANY FOR USL, INC.,
not in its individual capacity but
solely as Owner Trustee,
as Lessor and Vendee

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
not in its individual capacity but
solely as Agent,
as Vendor

=====

Filed and recorded with the Interstate Commerce Commission
pursuant to Section 20c of the Interstate Commerce Act on
, 1977, at , recordation number .

ASSIGNMENT OF LEASE AND AGREEMENT

TABLE OF CONTENTS*

	<u>PAGE</u>
PREAMBLES.....	1
PARTIES.....	1
PARAGRAPH 1.	
Assignment by Lessor to Vendor; Application of Payments.....	1
PARAGRAPH 2.	
Lessor's liabilities under the Lease not assigned to or assumed by Vendor.....	2
PARAGRAPH 3.	
No modification of the Lease without the Written Consent of Vendor.....	3
PARAGRAPH 4.	
Vendor to act for Lessor under the Lease.....	3
PARAGRAPH 5.	
Termination.....	3

* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of this document.

	<u>PAGE</u>
PARAGRAPH 6.	
Action by Vendor after an event of default.....	3
PARAGRAPH 7.	
Recording.....	4
PARAGRAPH 8.	
Assignment by Vendor.....	4
PARAGRAPH 9.	
Prohibition against liens.....	4
PARAGRAPH 10.	
Law governing.....	4
PARAGRAPH 11.	
Notices.....	5
PARAGRAPH 12.	
Certain rights of Vendor and Lessor.....	5
PARAGRAPH 13.	
Certain obligations and rights of Lessor; Lessor acting only as Trustee.....	5
PARAGRAPH 14.	
Execution; Counterparts.....	6
TESTIMONIUM.....	6
SIGNATURES	6
LESSEE'S CONSENT AND AGREEMENT	

ASSIGNMENT OF LEASE AND AGREEMENT DATED AS OF February 15, 1977, by and between TRUST COMPANY FOR USL, INC., an Illinois corporation, not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Lessor or the Vendee) with a certain trust beneficiary (hereinafter called the Beneficiary), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, a Maryland corporation, not in its individual capacity but solely as Agent (hereinafter called the Vendor), under a Participation Agreement dated as of the date hereof.

The Vendee and the Vendor having entered into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Document), with Seaboard Coast Line Railroad Company, in its capacity as builder, providing for the sale to the Vendee of the interest of the Vendor in such units of railroad equipment (hereinafter called the Units) described in Schedule A thereto as are delivered to and accepted by the Vendee thereunder.

The Lessor and Seaboard Coast Line Railroad Company (hereinafter called the Lessee) having entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), providing for the leasing by the Lessor to the Lessee of the Units.

In order to provide security for the obligations of the Lessor under the Security Document as an inducement to the Vendor to invest in the Conditional Sale Indebtedness (as that term is defined in the Security Document), the Lessor has agreed to assign for security purposes its rights in, to and under the Lease to the Vendor.

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee under the Security Document, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums

payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the Payments), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all sums to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to Section 2 of the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the Security Document, and to provide for the payments required to be made by the Lessor to the Vendor pursuant to Paragraph 9 of the Participation Agreement under which the Vendor is acting as Agent, and so long as no event of default (or event which, with notice or lapse of time, or both, could constitute an event of default) under the Security Document shall have occurred and be continuing, any balance shall be paid to the Lessor not later than the first business day following such receipt by wire transfer of immediately available funds to the Lessor or as the Lessor may otherwise direct in writing. If the Vendor shall not receive any rental payment under the first paragraph of Section 2 of the Lease when due, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Document.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. To protect the security afforded by this Assignment the Lessor agrees that, without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void; provided, however, that the Lessor may amend or supplement the Lease to provide for an increase or decrease of amounts due as rentals under Section 2 thereof and/or Casualty Values under Section 6 thereof provided that no such decrease shall reduce said amounts below that which are necessary to satisfy the obligations of the Lessor under the Security Document, notwithstanding any limitation of liability of the Lessor contained therein.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessor's obligations under the Security Document and the Participation Agreement, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor.

6. If an event of default under the Security Document shall occur and be continuing, the Vendor may declare all sums secured hereby immediately due and payable and may apply all such sums against the amounts due and payable under the Security Document.

7. The Lessor will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, re-register, re-record or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure, the interests of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder; provided, however, the Vendee and the Lessee shall not be bound to honor such assignment until they have received written notice thereof. Payment to the assignee of any Payments shall constitute full compliance with the terms of this Agreement and the Lease. Vendee and Lessee may rely on instruments and documents of assignment which they believe in good faith to be true and authentic.

9. The Lessor will pay and discharge any and all claims, liens, charges, security interests or other encumbrances (other than created by the Security Document) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor or the Beneficiary, or their successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the Security Document or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge, security interest or other encumbrance on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor or the Beneficiary shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the non-payment thereof does not, in the advance opinion of the Vendor, adversely affect such interests of the Vendor.

10. This Assignment shall be governed by the laws of the State of Illinois, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

11. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the Security Document, or at such other address as the Vendor shall designate.

12. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no Event of Default under the Lease or event of default under the Security Document has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the Security Document, the Lessor may, so long as no event of default under the Security Document or Event of Default under the Lease has occurred and is continuing, exercise or enforce, or seek to exercise or enforce or avail itself of, such rights, powers, privileges, authorizations or benefits; provided, however, that the Lessor shall not, and shall not have any authority to, take any action which would terminate the Lease without the prior written consent of the Vendor.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), (a) the terms of this Assignment shall not impose any obligations on the Lessor in addition to the obligations of the Lessor under the Lease or under the Security Document or in any way limit the effect of the last paragraph of Article 3 of the Security Document, Article 21 of the Security Document or Section 21 of the Lease, (b) so long as there is no event of default under the Security Document, the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the Security Document, or empower the Vendor in any way to waive or release the Lessee's obligation to pay such excess amounts, and the Lessor shall continue to be empowered to ask, demand, sue for, collect

and receive any and all of such excess amounts, but shall not take any action under subparagraph (b) of Section 9 of the Lease without the written consent of the Vendor and (c) each and all of the warranties, representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by TRUST COMPANY FOR USL, INC., or for the purpose or with the intention of binding said corporation personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Assignment is executed and delivered by the said corporation solely in the exercise of the powers expressly conferred upon said corporation as trustee under the Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said corporation, except for wilful misconduct or negligence, or against the Beneficiary under the Trust Agreement (except under Section 5.01 thereof) or on account of any representation, undertaking or agreement of the Lessor or such Beneficiary, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY, not in its individual
capacity but solely as Agent,

By: _____

Assistant Vice President

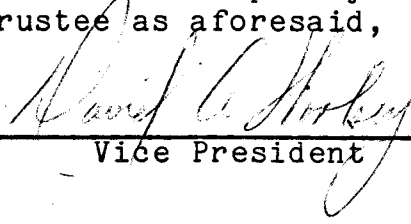
[Corporate Seal]

Attest:

Corporate Trust Officer

TRUST COMPANY FOR USL, INC., not in
its individual capacity but solely
as Trustee as aforesaid,

By:


Vice President

[Corporate Seal]

Attest:


Assistant Secretary

State of Maryland
DISTRICT OF COLUMBIA)
City of Baltimore : ss.:
CITY OF WASHINGTON)

On this *23rd* day of *March*, 1977, before me personally appeared *G. J. Johnston*, to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Dorothy E. Scharf

Notary Public

DOROTHY E. SCHARF
NOTARY PUBLIC

My Commission Expires July 1, 1978

[Notarial Seal]

My Commission expires: *7-1-78*

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this *22nd* day of *March*, 1977, before me personally appeared *DAVID ARONSON*, to me personally known, who, being by me duly sworn, says that he is Vice President of TRUST COMPANY FOR USL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Alan M. Berman

Notary Public

ALAN M. BERMAN
Notary Public, State of New York
No. 1305344-2
Qualified in Nassau County
Commission Expires March 30, 1977

[Notarial Seal]

My Commission expires:

LESSEE'S CONSENT AND AGREEMENT

The undersigned, SEABOARD COAST LINE RAILROAD COMPANY, a corporation duly incorporated under the laws of the Commonwealth of Virginia, the Lessee (hereinafter called the Lessee) named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Assignment), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease in immediately available funds directly to Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as Agent (hereinafter called the "Vendor"), the assignee named in the Assignment, at Two Hopkins Plaza, P.O. Box 2258, Baltimore, Maryland 21203, attention of Corporate Trust Department (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the undersigned under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be amended, terminated or modified, nor shall any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement shall be construed in
accordance with the laws of the Commonwealth of Virginia, *State* *Illinois*

Dated as of March 22, 1977

SEABOARD COAST LINE RAILROAD COMPANY,

By: *Samuel G. Anderson*
Vice President

[Corporate Seal]

Attest:

James H. Cremins
Assistant Secretary

The foregoing Consent and Agreement is hereby
accepted, as of the 22nd day of March, 1977.

MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY, not in its individual capacity
but solely as Agent,

By: *[Signature]*
Assistant Vice President

[Corporate Seal]

Attest:

[Signature]
Corporate Trust Officer

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 22nd day of MARCH, 1977, before me personally appeared LEONARD G. ANDERSON, to me personally known, who, being by me duly sworn, says that he is Vice President and Treasurer of SEABOARD COAST LINE RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Alan M. Parnies

Notary Public

ALAN M. PARNIES
Notary Public, State of New York
No. 29-504103
Qualified in Nassau County
Commission Expires March 30, 1977

[Notarial Seal]

My Commission expires:

State of Maryland
~~DISTRICT OF COLUMBIA~~)
Baltimore : ss.:
CITY OF ~~WASHINGTON~~)

On this 22nd day of March, 1977, before me personally appeared G. J. Johnston, to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Dorothy E. Scharf

Notary Public

[Notarial Seal]

DOROTHY E. SCHARF
NOTARY PUBLIC
My Commission Expires July 1, 1979

My Commission expires: 7-1-78